

POWER MARKETING ADMINISTRATIONS

General

- The power marketing administrations are agencies within the United States Department of Energy. Their primary mission is to market electrical power produced at Federal water projects.
- The Federal power marketing program began in the early 1900s when power produced at water projects in excess of the projects' pumping needs was sold to repay the Government's investment in the projects. By law and/or by long-standing administrative practice, the PMAs market this power "...in such a manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles..." (Flood Control Act of 1944).
- Originally there were five PMAs -- Alaska Power Administration, Bonneville Power Administration, Southeastern Power Administration, Southwestern Power Administration and Western Area Power Administration -- each operating in a different geographical region of the United States. (See enclosed map.)
- Today there are four PMAs due to the 1995 authorization for the sale of Alaska Power Administration (Public Law 104-58), which directed the sale of all Alaska Power Administration assets and the termination of APA. The Eklutna Project was sold to the three former customers of the project in October 1997. The Snettisham Project was sold to an agency of the State of Alaska in August 1998. The Alaska Power Administration has subsequently been terminated.
- The PMA Administrators' report to the Deputy Secretary of Energy.
- APA, BPA, SEPA and SWPA were originally agencies within the Department of the Interior. These PMAs were established coincident with the development of Federal water projects in their region of the country, as follows: APA: 1967; BPA: 1937; SEPA: 1950; and SWPA: 1943. The power marketing functions currently performed by Western were originally assigned to the Interior Department's Bureau of Reclamation. When DOE was established in 1977, the four existing PMAs were transferred from Interior to DOE, and the Bureau of Reclamation's power marketing functions were transferred to DOE and assigned to a new PMA, Western.
- Each of the PMAs is a distinct and self-contained entity within DOE, much like a wholly-owned subsidiary of a corporation. The PMAs share some common characteristics, but each also has unique features stemming from its history, geography and specific authorizing statutes. These differences mean the policies and programs of one PMA often are not completely applicable to another. As a result of these differences, each PMA must be evaluated separately when considering the impacts of new policies.

PMA Projects and Sales

- The PMAs sell hydroelectric power generated at multipurpose water projects owned and operated primarily by the Interior Department's Bureau of Reclamation and the U.S. Army Corps of Engineers. The PMAs sell power and set rates on either a project basis or a system basis. BPA has consolidated its assets into a single project called the Federal Columbia River Transmission System.
- In FY 1997, the PMAs (including APA) sold 142 billion kilowatt-hours of energy.

PMA Assets

- The PMAs, with the exception of SEPA, own, operate, and maintain a total of 33,125 circuit-miles of transmission line, 649 substations, and other communication and control facilities in order to deliver power to customers. BPA's and Western's lines constitute a large percent of the high-voltage (230 kV and above) transmission lines in the north-central and western United States. SEPA has no transmission facilities; it has traditionally negotiated transmission arrangements with other utilities to use their transmission facilities to deliver power from the Federal dams to customers.

Rates and Revenues

- Each PMA develops cost-based rates for the power it sells. Rates are set to collect enough revenue to pay for annual operation and maintenance of the power features (and a proportionate share of the joint-use features) of the project, including the power O&M expenses of the generating agency, and repay with interest the capital investment in power generation and transmission facilities.
- In addition, BPA's and Western's rates are set to collect additional revenue to repay certain other capital costs, generally for a project's irrigation features, that are assigned to power users for repayment. Non-power-related costs have been assigned to power users for repayment when other project beneficiaries (eg. water users) are unable to pay for their share of the project's capital costs.
- The PMAs use open public processes in setting rates and allocating power. Proposed rates for SEPA, SWPA and Western are submitted to the Deputy Secretary for approval on an interim basis and then forwarded to the Federal Energy Regulatory Commission for final approval. By law, BPA's rate proposals go directly to FERC.
- In FY 1997, the PMAs generated \$3.6 billion in total revenues to the Treasury. Approximately 25 percent of the \$24 billion Federal investment assigned to the PMAs for repayment has been repaid.

PMA Customers

- The PMAs sign long-term contracts for the sale and transmission of Federal power to their 1,239 customers. By law, "preference" in the sale of power is given to municipalities, rural electric cooperatives, irrigation districts, and other publicly-owned entities. Many of these PMA customers, in turn, serve millions of retail power users. In addition, BPA provides direct electrical service to 16 large industrial customers, primarily aluminum smelters. BPA is also mandated to extend the availability of its power to small customers of investor-owned utilities within BPA's service area.

Load Growth Responsibility

- Only BPA has utility responsibility to acquire new power resources when needed to meet the growth of electric loads in its region. The other PMAs do not have legal authority to meet electrical load growth -- they generally market only that power produced by the Federal dams that is in excess of the projects' needs.

Financing

- SEPA and SWPA are funded through annual appropriations from Congress and their budget authority is included within DOE's annual budget request. The power revenues these PMAs collect are deposited into the General Fund of the U.S. Treasury.
- BPA is financed through a revolving fund -- power revenues are deposited into this fund and are then available for BPA to spend. BPA also uses permanently authorized borrowing authority, now totaling \$3.75 billion, to finance capital investments. BPA's program does not require an annual appropriation since it has permanent multi-year obligational authority to carry out its mandatory activities.
- Western is financed through a combination of both methods. Approximately 80 percent of Western's program is financed through annual appropriations, but all or parts of three Western projects are funded through a revolving fund, as specified in these projects' legislative histories.
- Also, SEPA, SWPA, and Western use certain alternative financing arrangements, like net billing, to fund operation and maintenance and purchase power and transmission service expenses, so the total programs for these activities are larger than their budget requests.

Staffing

- Federal employment within the PMAs totaled 4,868 full-time equivalents (FTE) in FY 1997. BPA, SWPA, and Western also make considerable use of contractors for support functions.

POWER MARKETING ADMINISTRATION STATISTICS (Information Based on FY 1997 Data)

	APA*	BPA	SEPA	SWPA	Western
Annual Energy Sales (GWH)	353	80,391	8,146	7,467	45,800
Annual Revenues (Millions Of Dollars)	\$10	\$2,386	\$168	\$113	\$882
Number Of Substations	4	363	--	24	258
Circuit Miles Of Transmission Lines	88	14,800	--	1,380	16,857
Total Investment (Millions of Dollars)	\$351	\$12,333	\$1,495	\$1,062	\$8,748
Total Investment Repaid To Date (Millions Of Dollars)	\$177	\$2,605	\$582	\$417	\$2,387
Number Of Customers	5	193	306	97	638
Number Of Power Marketing Projects Or Systems**	2	1	4	3	15
Number Of Powerplants	2	30	23	24	56
Maximum Powerplant Operating Capability (Megawatts)***	108	15,412	3,092	2,158	10,605
Annual Federal Employment (FTE)	5	3,395	41	175	1,252

* The Alaska Power Administration was authorized for termination in 1995. In October 1997, the Eklutna project was sold. The Snettisham project was sold in August 1998. The Alaska Power Administration has subsequently been terminated.

** The terms "project" and "system" are not used consistently across the PMAs. Three PMAs use "system" to describe related facilities (dams, transmission lines, etc.) that are grouped together for repayment purposes. Western and APA use the term "project" for such related facilities.

*** For Bonneville, maximum power plant operating capability (megawatts) is the sustained peak generating capability of Federal Columbia River System (FCRS) resources reflecting the effects of streamflow requirements from the 1995 Marine Fisheries Service biological opinion.